UNITED
NATIONS

E

Economic and Social
Council

GENERAL

E/ECE/1138
16 January 1987

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

Forty-second session
(Provisional Agenda item 5(e))

CONCENTRATION AND INTEGRATION OF THE COMMISSION'S PROGRAMME OF WORK

Note by the Executive Secretary

1. For consideration of this item the secretariat has prepared a brief analysis of aspects of concentration and integration in the ten major sectors of its work programme: trade, science and technology, environment, economic projections, inland transport, energy, industry, human settlements, agriculture and timber, and statistics (Annex II). Reference should also be made to the documents presented to the sessions of the Principal Subsidiary Bodies on the work of the other Principal Subsidiary Bodies. 1/ Copies of these documents will be made available in the conference room.

2. The secretariat is of the opinion that the document prepared for the 1985 Ad hoc Group on Concentration and Integration of the Programme of Work of the Commission (ECE/AC.15/R.1) would serve as a useful basis for discussion of the item on concentration and integration.

3. The Commission's attention is drawn to the views of the Executive Secretary as contained in Part II of that document, in particular those contained in paragraphs 30 and 33 (Annex I).

1/ AGRI/R.198, CHEM/R.111, COAL/R.124, ENV/R.183, EP/R.125, GAS/R.141, SC.TECH/R.201, EC.AD/R.29, CES/580, STEEL/R.73, TIM/R.132, TRADE/R.520.

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ANNEX I

EXTRACTS FROM ECE/AC.15/R.1

"30. The Executive Secretary would be prepared to submit a special report to assist the Sessional Committee in its review of the work of the Principal Subsidiary Bodies which would contain the following elements for each Body:

(a) a brief account of each meeting of a Principal Subsidiary Body, high-lighting important accomplishments and problems encountered;

(b) a list of new proposals and action taken thereon;

(c) a list of outstanding projects for which termination dates have passed and the reasons therefore;

(d) a list of dormant projects where no activity has occurred during the past year and the reasons therefore;

(e) a list of projects which might be transferred to other bodies or on which joint action could be envisaged;

(f) a list of meetings and seminars under the auspices of each Principal Subsidiary Body and the countries represented;

(g) information on the distribution and sales of relevant ECE publications;

(h) recommendations for decisions by the Commission, where appropriate."

"33. On the basis of the views expressed by Governments and further analysis by the secretariat, the Executive Secretary suggests that the following documentation be prepared for the Commission session:

(a) a uniform table for each Principal Subsidiary Body showing programme elements of an inter-sectoral character with a corresponding list of relevant programme elements of other Principal Subsidiary Bodies. The Executive Secretary would be ready to comment on the co-operation or co-ordination already occurring, overlapping activities, and possibilities for improved co-operation or co-ordination.

(b) a series of short (3-4 pages) annual reports containing analyses of major areas of work of the Commission from the perspective of concentration and integration. These analyses could cover the four priority areas of work (trade; environment; science and technology; economic projections) as well as energy, transport, industry, agriculture, human settlements and statistics. The Executive Secretary would suggest measures to improve co-ordination, as well as concentration and integration of the programme sector in question."

ANNEX II

BRIEF ANALYSIS OF ASPECTS OF CONCENTRATION AND INTEGRATION IN THE ECE PROGRAMME OF WORK

TRADE

1. Major activities entrusted to the Committee on the Development of Trade cover reviews of trade trends and policies, identification of obstacles to the development of trade, trade promotion (through industrial co-operation and market information) and trade facilitation.

2. Although the Committee has primary responsibility for the implementation of this part of the programme of work, there are also elements in the activities of the other Principal Subsidiary Bodies which have trade-related aspects.

3. Work undertaken by the Senior Economic Advisers to ECE Governments on the preparation of the Overall Economic Perspective has a direct bearing on the regular review by the Committee on the Development of Trade of prospective trade trends and policies. The trade chapter of the OEP formed part of the documentation for the Special Meeting of Experts on East-West Trade Prospects which was held in March 1986. It was also reflected in the documentation submitted to the Symposium on East-West Business Opportunities and Trade Prospects which took place in Thessaloniki (Greece) in September 1986. Similarly, documentation on energy trade and co-operation prepared for the Senior Advisers to ECE Governments on Energy was used for these meetings.

4. With respect to the identification of obstacles to the development of trade, the Committee on the Development of Trade invited other Principal Subsidiary Bodies to examine the relevant notifications contained in the Inventory and most of these Bodies commented on the notifications communicated to them.

5. Trade promotion (through industrial co-operation and market information) covers many elements in the programme of work of the Committee; it does not, however, duplicate any element in the activities of the other Principal Subsidiary Bodies. The Statistical Bulletins and the sectoral market studies carried out by other Principal Subsidiary Bodies complement the activities undertaken by the Committee.

6. Facilitation of international trade procedures constitutes another major area in the programme of work of the Committee. Co-ordination with the Inland Transport Committee is maintained through secretariat participation at meetings held under the auspices of each of the Committees and by joint meetings of trade and transport experts. The first such meeting took place in September 1984; other meetings could take place as required.

SCIENCE AND TECHNOLOGY

7. Science and technology is one of the priority areas of the Commission, with relevant activities in most areas of work. At the present time, a significant part of the activities of the Commission pertains directly or indirectly to science and technology. In addition to the activities of the Senior Advisers to ECE Governments on Science and Technology, a number of other Principal Subsidiary Bodies contribute to the Commission's work in this field, viz. through activities related to coal, gas, electric power, steel, chemicals, engineering, environment, agriculture, transport and trade.

8. The Senior Advisers serve as a focal point for consideration of medium- and long-term perspectives in science and technology; current developments in science and technology policies; transfer of technology; and co-operation in selected scientific and technological issues. The Senior Advisers ensure that their activities are inter-disciplinary or multisectoral in character and that they do not duplicate the activities of other ECE bodies or other organizations.

9. The Senior Advisers undertake every four years an in-depth review of changes in national policies, priorities and institutions relating to science and technology. These reviews cover a broad spectrum of government policies and programmes, including those related to industry, energy, the environment, agriculture, transport, public health, education, and research and development.

10. The Senior Advisers are co-operating with the Senior Economic Advisers in the preparation of the section on science and technology in the Overall Economic Perspective (OEP) to the year 2000. They are also organizing jointly with the Senior Advisers on Energy the Symposium on the Status and Prospects of New and Renewable Sources of Energy in the ECE Region. Several other activities of the Senior Advisers are directly relevant to activities being undertaken by other subsidiary bodies, viz. concerning biotechnology, trends in the use of non-renewable materials in industry, introduction of electronics in some industries.

ENVIRONMENT

11. The work of the Senior Advisers to ECE Governments on Environmental Problems embraces environmental policy and mangement issues, environmental impact assessment, air pollution, low- and non-waste technology and re-utilization and recycling of wastes, and natural resources issues. Specific attention is being given to the development of a long-term strategy for environmental protection and rational use of natural resources in member countries, as a main direction for work on policy and management issues. In addition, an initiative on ways and means to ensure the comprehensive protection of flora, fauna and their habitats in the European region is being developed to provide a basis for co-ordinated action by member countries. Environmental impact assessment work is directed towards the further elaboration of frameworks and methodologies used in the assessment process, its application in transfrontier areas and the further incorporation of this work into governmental planning and decision-making. The air pollution activity deals with problems not covered by the Executive Body for the

Convention on Long-range Transboundary Air Pollution, including emissions from the storage, transport or handling of various materials. The low-waste technology programme is designed to promote the implementaion of environmentally sound industrial technologies.

12. There are over 100 projects related to environmental questions in the programmes of work of other ECE bodies, and many of them have entire sub-programmes in this area. The Senior Advisers annually review such activities and, where appropriate, engage in joint activities, review and comment upon or offer suggestions relative to specific projects of other Principal Subsidiary Bodies. Co-operation and inter-action is maintained between these bodies and the Senior Advisers, especially in the fields of economic projections, energy, industry and statistics.

ECONOMIC PROJECTIONS

13. Economic projections and programming constitute a priority area of work in the Commission. A number of sectoral projection exercises are undertaken by other Principal Subsidiary Bodies:

- the fourth long-term prospective study on the future development of forests, timber production and related industries and trade was completed in 1986 (European Timber Trends and Prospects to the Year 2000 and beyond);

- a regional strategy for environmental protection and rational use of natural resources to the year 2000 and beyond will be presented to the Senior Advisers on Environmental Problems in March 1987;

- long-term perspectives for human settlements development in the ECE region will be published by the Committee on Housing, Building and Planning;

- the Symposium on East-West Business Opportunities and Trade Prospects, held in Thessaloniki (Greece) in September 1986, considered plans and projections up to 1990, taking into account the trade policy and financial environment as well as general economic conditions.

14. Macroeconomic projections and related policy analyses are carried out by the Senior Economic Advisers. Emphasis is placed on questions of policy analysis rather than on the technical aspects of macroeconomic modelling. This approach has been followed in the preparation of an Overall Economic Perspective (OEP) to the Year 2000. The main purpose is "to identify long-term problems of common interest to member states, discuss possible evolutions thereof and present recommendations for solving them, thus allowing member states to visualize more easily future new areas for mutually beneficial co-operation especially between member countries with different economic and social systems."

15. In addition to macroeconomic trends and scenarios which provide the general framework for the analysis, the OEP covers a number of key topic areas such as demographic trends, impact of science and technology, fixed investment and capital stock, environment and natural resources, energy, human resources and consumption patterns. This requires close co-operation with other

Principal Subsidiary Bodies engaged in such sectors, which is achieved by joint ad hoc working groups for the preparation of supporting documents for the OEP.

16. The Senior Advisers on Science and Technology reviewed the science and technology contribution to the OEP and invited those Governments which had not yet done so to provide information on science and technology relevant to the OEP. The revised version of the science and technology contribution to the OEP would be reviewed at their fifteenth session. The Senior Economic Advisers and the Senior Advisers on Environmental Problems have convened a joint ad joc working group in June 1987 to prepare a contribution on environment and the rational use of natural resources. The Senior Advisers on Energy have indicated their intention to work with the Senior Economic Advisers on energy projections. A joint working group is to be convened in May 1987.

17. There may be scope for closer co-operation between the Senior Economic Advisers and the Committes on Coal, Gas and Electric Power, the Chemical Industry Committee, the Steel Committee and the Working Party on Engineering Industries and Automation.

INLAND TRANSPORT

18. The Inland Transport Committee has a comprehensive programme covering most aspects of road, rail and inland waterway transport. There are a number of projects in this programme where close co-operation already exists with other Principal Subsidiary Bodies; for others there seems to be potential for further co-ordination. This applies to transport perspectives; harmonization and standardization; transport facilitation; transport of dangerous goods, including hazardous wates; transport aspects of energy saving and environmental protection; and transport statistics.

19. The Committee has been studying general trends in transport development and transport policy as well as specific transport economic issues. In this respect, there would appear to be scope for increased mutual exchange of information and studies between the Committee and the Senior Economic Advisers.

20. The Committee is also heavily involved in work on harmonization of standards and technical regulations, including motor vehicles, containers and perishable foodstuffs. The Group of Experts on the Construction of Vehicles is currently engaged in a re-organization process which will result in an important concentration of its work. Close co-operation is maintained by the Group of Experts on the Transport of Perishable Foodstuffs with the Working Party on the Standardizaton of Perishable Products and the Group of Experts on Customs Questions Affecting Transport. Consideration might be given, where appropriate, to the interrelationship of these activities with those of the Government Officials Responsible for Standardization Policies.

21. In the area of transport facilitation, satisfactory working relations have evolved between the Group of Experts on Customs Questions Affecting Transport and the Working Party on Facilitation of International Trade Procedures. Joint meetings of these bodies could be organized, if necessary.

22. The activities of the Committee on the transport of dangerous goods have implications for the Senior Advisers on Environmental Problems and, to a lesser extent, the Chemical Industry Committee. Both the Inland Transport Committee and the Senior Advisers have been concerned with transport of hazardous wastes and have made joint contributions to activities within the Commission as well as to non-ECE bodies. The Chemical Industry Committee has demonstrated some interest in this subject but there would appear to be further scope for co-operation.

23. With respect to transport aspects of energy saving, the Group of Rapporteurs on Pollution and Energy is working on projects with respect to final consumption and alternative energy sources. This constitutes a contribution to the energy conservation programme of the Senior Advisers on Energy.

24. Similarly, in the field of environmental protection, the Group of Rapporteurs is working on exhaust emissions, work which is directly related to the implementation of the Convention on Long-range Transboundary Air Pollution. There still appears to be scope for improved co-ordination of these activities. Activities with respect to noise in road and rail transport are also relevant to the work of the Senior Advisers on Environmental Problems. Water pollution by inland navigation vessels is an area of joint interest to the Inland Transport Committee, the Senior Advisers on Environmental Problems and the Committee on Water Problems.

25. The Inland Transport Committee has carried out an extensive programme on transport statistics. Co-operation with the Conference of European Statisticians has developed and four projects on transport statistics are included in the programme of work of that body.

26. Work in the areas of urban and suburban transport and facilitation of movement and transport of disabled persons is co-ordinated with the Committee on Housing, Building and Planning

ENERGY

27. In the energy field, there was improved concentration of activities on the most important issues with respect to coal, gas, electric power and general energy problems. In all these areas, reviews of the present situation and short-term prospects provided the basis for evaluating which activities deserved priority attention. Generally speaking, environmental implications of energy use, the application of energy R & D results, reviews of world market trends and efficient energy utilization were emphasized. Questions of resource exploration, longer term forecasting, refinement of statistics and analytical methodologies, research and development of new sources and technologies, and the promotion of east-west industrial co-operation were of lesser interest to Governments. With respect to the integration of programme activities, the link between energy activities and activities in the fields of trade, environment and macro-economic analysis strengthened during the period.

28. A paper on "East-west co-operation in the field of energy: facts, factors, perspectives" (TRADE/AC.22/R.4/Rev.1) was prepared for the Special Meeting of Experts on Prospects for East-West Trade in the 1980s which

underlined the paramount importance of east-west energy trade for east-west trade in general, pointed to growing uncertainties with regard to energy commodity trade and advocated its diversification, including by promoting trade and co-operation in energy-efficient technologies. The potential for such exchanges were more specifically reviewed in a paper on "Energy-efficient technology" (TRADE/SEM.8/R.9), submitted to the Symposium on East-West Business Opportunities and Trade Prospects held in September 1986.

29. More attention was devoted to environmental issues. A study tour on environmentally-acceptable and efficient utilization of low-calorie-value (LCV) solid fuels was organized in the Federal Republic of Germany in April 1986, the findings of which were subsequently published under the title "Low-calorie-value solid fuels: combustion, gasification, liquefaction" (ECE/UNDP/LCT/6).

30. In the framework of the Overall economic perspective to the year 2000, the energy-economy links have been given greater attention and a joint working group meeting will be held with the Senior Economic Advisers in May 1987. The background material for this meeting includes energy balances for the period 1963-1984, 1990 and 2000. New energy developments likely to affect the energy-economy link were analysed, including the renewed competitiveness of oil, doubts concerning progress in raising the energy efficiency of the ECE energy economies in line with potentialities, a slower-than-expected growth of capital intensive nuclear power and others (Economic Bulletin for Europe, Vol. 38, No. 3).

INDUSTRY

31. The industry-related activities of the Commission are undertaken primarily in the Steel Committee, the Chemical Industry Committee and the Working Party on Engineering Industries and Automation. The work of these three subsidiary bodies is focused on assessing trends and prospects in the industrial sectors for which they are responsible, on reviewing current developments, in particular those relating to technological processes, on studying environmental and resource-related issues and on improving the over-all statistical data as well as the underlying statistical methodologies, classifications and definitions.

32. Altogether, these bodies deal with about one-half of the industrial activity in the region. Industrial sectors which remain uncovered include: mining and quarrying, other than coal; manufacturing of food, beverages and tobacco; textiles, wearing apparel and leather industries; manufacture of wood and wood products, including furniture; manufacture of paper and paper products, printing and publishing; manufacture of non-metallic mineral products, except products of petroleum and coal; and other manufacturing as well as construction, and the wholesale and retail trade and restaurants and hotels.

33. These bodies also make contributions to the activities in other areas of work, especially concerning energy and environment. Conversely, they benefit from ECE activities in those areas. At the secretariat level, since the same division deals with industry and technology, there is co-ordination between the servicing of the above-mentioned sectoral bodies and the Senior Advisers on Science and Technology.

34. Concentration and integration of activities in the industrial sector is hampered by the fact that the existing structure of the Commission does not lend itself to an effective review process of the broader cross-sectoral aspects of industrial policies and problems in the region. As mentioned above, the three sectoral bodies involved do not cover the entire range of industrial activities in the region. Moreover, there is no subsidiary body in the Commission mandated to undertake a cross-sectoral review of industrial activities as is the case with respect to energy, environment, transport, trade, and science and technology.

HUMAN SETTLEMENTS

35. The ECE programme in the field of human settlements is carried out by the Committee on Housing, Building and Planning, assisted by three Working Parties and two Groups of Experts. The programme comprises projects related to: (i) integrated settlements policies and strategies; (ii) urban and regional planning; (iii) housing policies; (iv) building; and (v) human settlements statistics. By its very nature, the programme is cross-sectoral.

36. The work on urban renewal and modernization policies and on urban transportation problems is of interest both to the Senior Advisers on Environmental Problems and to the Inland Transport Committee. Activities concerning energy issues in urban and regional planning and on energy conservation in buildings provides an input to the overall programme of the Senior Advisers on Energy. The work on the planning for recreation and leisure areas and on new techniques to collect and process land-use data contributes to the programme of the Senior Advisers on Environmental Problems in their activities related to environmental impact assessment.

37. In the area of housing forecasting and programming, the Committee provides an input to the work of the Senior Ecoomic Advisers on the Overall Economic Perspective. Similarly, the Committee's work on the promotion of international trade in buildings, building products and know-how supplements the overall trade promotion efforts by the Committee on the Development of Trade.

38. The Committee pursues the aim of international harmonization of the technical content of building regulations, an activity which is closely related to and co-ordinated with the work of the Group of Experts on Standardization Policies. The development of human settlements statistics, including the publication of the Annual Bulletin of Housing and Building Statistics in Europe, is carried out under the joint auspices of the Committee and the Conference of European Statisticians.

AGRICULTURE

39. The work of the Committee on Agricultural Problems covers the following main activities : the annual review of developments in ECE agriculture and agricultural policies, including in particular developments in the markets for major agricultural commodities, in agricultural trade in Europe and in prices received and paid by agricultural producers; the harmonization of commercial

quality standards for perishable produce as a means to facilitate international trade; the harmonization and improvement of food and agricultural statistics in Europe; and the exchange of scientific and technical information and experience (i.e. new developments in agricultural mechanization, rural development, farm rationalization and management) and in the form of technical reports and symposia on selected questions (notably animal nutrition and feedingstuffs, soil fertility and fertilizers, and marketing of agricultural produce).

40. The Committee implements its programme of work with the help of four Working Parties (supplemented by Groups of Experts in the area of standardization), three of which are jointly sponsored with FAO. Most of the symposia are also organized jointly with FAO. The work of the Committee nearly always combines economic and technological aspects (including applied research). Thus its work is more easily and closely integrated with that of FAO than with that of other subsidiary bodies of ECE.

41. There are specific ECE activities however which lend themselves to a closer integration. Thus the Committee has collaborated on several occasions with the Committee on Water Problems on water pollution from agriculture and on irrigation aspects. The work on food and agricultural statistics in Europe is co-sponsored with the Conference of European Statisticians. The Senior Advisers on Science and Technology transmitted the question of biotechnology in food and agriculture to the Committee for its consideration. Another possible area for closer co-ordination could be the preparation of special chapters on agriculture in the context of the Economic Survey for Europe.

42. The activities of the Committee are of considerable interest to many developing countries where agriculture is a major economic activity. This work is often linked to that of other organizations and, mostly through the FAO joint sponsorship, also to countries in other regions.

TIMBER

43. Activities relating to the forestry and forest products sector are the responsibility of the Timber Committee. Its main areas of work are : the analysis of medium- and long-term trends; prospects and policies for forestry and forest products; review of forest products market developments and short-term prospects, including international trade; forest working techniques; economic and technological issues for the wood-working industries; environmental and resource conservation issues; and forest and forest products economics and statistics.

44. Many of these questions are specific to the sector, and are dealt with in close cooperation with the FAO, its Forestry Department and the FAO European Forestry Commission. At the same time there is considerable scope for cooperation with other ECE Principal Subsidiary Bodies, in other programme sectors.

45. The two subsidiary bodies of the Committee, dealing respectively with forest economics and statistics and with forest working techniques and the training of forest workers come under the joint auspices of the Committee and

the FAO European Forestry Commission; the second body is also co-sponsored by the International Labour Organization (ILO).

46. In the field of air pollution, complementarity exists between the Committee's activities, which are mainly concerned with the implications of damage to forests for wood supply and the forest products markets, and those of the Senior Advisers on Environmental Problems and the Executive Body for the Convention on Long-range Transboundary Air Pollution. Also in the environmental field, there is complementarity, and scope for closer integration, in the Timber Committee's work on forest resource assessment, including the role of the forest in providing environmental and other non-wood goods and services, with that of the Conference of European Statisticians and the Senior Advisers on Environmental Problems on environmental statistics.

47. The Timber Committee's long-term analyses, the latest of which was published in 1986 as European Timber Trends and Prospects to the Year 2000 and Beyond (ETTS IV) (ECE/TIM/30), are an example of sectoral studies within the broad macro-economic framework provided by the work of the Senior Economic Advisers on the OEP. The outlook for the use of wood for energy, which is treated in detail in ETTS IV, can also be considered as a sectoral contribution to the activities of the Senior Advisers on Energy concerning policy and the outlook in the field of new and renewable sources of energy.

48. Forest products constitute one of the most important commodity groups in the international trade of ECE countries. The Committee's regular analyses of the markets for such products, together with the collection and dissemination of statistics and other information on the forest products industries, on trade, and on standardization of forest products, complement those at the more general level being undertaken by the Committee on the Development of Trade.

STATISTICS

49. Statistics play a central role in the work of the Commission, either directly as part of the programme of work of Principal Subsidiary Bodies, or indirectly as indispensable support for other studies and projects. Although the bulk of the statistical activities is carried out by the Conference of European Statisticians, nearly all the Principal Subsidiary Bodies have one or several programme elements on statistics in their programmes of work. Concentration and integration of these activities is therefore called for, not only to avoid duplication of effort, but also to ensure the necessary harmonization between the statistical standards and definitions developed and/or used by the different Principal Subsidiary Bodies.

50. The major aim of the statistical work of the Commission remains the improvement of international comparability of statistics through the development of international classifications, standards and definitions and the adoption of international recommendations and guidelines. However, an increasing part of the work of the Conference of European Statisticians is devoted to the study of methodological and organizational problems, with the purpose not only of improving the quality of statistics compiled and disseminated by national and international statistical offices, but also of increasing the efficiency of these offices.

51. Integration of the statistical activities of the Commission is accomplished at the level of the Principal Subsidiary Bodies by establishing close co-operation between the Conference of European Statisticians and the other Principal Subsidiary Bodies, and the co-ordination of their statistical work with the work of the Conference. Other Principal Subsidiary Bodies are kept informed of the activities of the Conference which are relevant to their work and, on the other hand, a report on the statistical activities of the other Principal Subsidiary Bodies is considered at each plenary session of the Conference.

52. Furthermore, statistical activities are often carried out jointly by the Conference and the interested Principal Subsidiary Bodies. Meetings on matters of common interest are also convened jointly, e.g. with the Committee on Agricultural Problems; the Committee on Housing, Building and Planning; the Senior Advisers on Science and Technology; the Committee on Water Problems; as well as with the Working Party on Engineering Industries and Automation. A similar form of co-operation is also envisaged between the Conference and the Inland Transport Committee.

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Economic and Social
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E/ECE/1139
19 December 1986

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

Forty-second session
(Provisional Agenda item 8)

DEVELOPMENT OF TRADE AND INDUSTRIAL CO-OPERATION

Note by the Executive Secretary

SUMMARY

The present note contains an account of the development of intraregional trade and industrial co-operation, and of the main activities of the ECE in these fields, since the forty-first session. It contains sections on recent trends in the development of trade and industrial co-operation (paras. 2-13) on the work of the Committee on the Development of Trade (paras. 14-28) and on the work of the other Principal Subsidiary Bodies in this field (paras. 29-31).

Introduction

1. Detailed information on ECE activities relating to trade and industrial co-operation is provided in the report of the Committee on the Development of Trade (ECE/TRADE/157) and in the reports of the other Principal Subsidiary Bodies of the Commission whose activities touch upon this sector. Some aspects of intraregional trade and industrial co-operation are also discussed in the Report by the Executive Secretary on the Commission's activities and implementation of priorities in 1986 (E/ECE/1133).

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Recent trends in the development of trade and industrial co-operation

(a) Trade

2. Intraregional trade and, in particular, trade between ECE member countries having different economic and social systems, stood up somewhat better than might have been anticipated to the unsettled market conditions prevailing in the first half of 1986.

3. Trade in both directions expanded in volume and value terms, but imports to eastern countries grew at a higher rate than their exports to western countries. Most planned economy countries encountered worsening terms of trade as a result of falling prices for many commodities, notably fuels.

4. Most eastern countries improved their export performance on western markets - mainly as a result of increased volume and partly as a recovery from the abnormal first half of 1985, particularly as regards fuels. The value of the USSR's exports to the west rose by 5%, and that of the other European CMEA countries exports by 16% in the first half of 1986.

5. Although the USSR's imports from the west declined by 16% in volume (partly owing to the good harvest), their value in terms of US dollars did not fall in the same period. Eastern Europe's imports from the west continued to expand, by some 6% in volume and considerably faster in value.

6. The continuous improvement in the east-west financial climate, which began in 1983, continued in 1986. All eastern countries experienced a fall in interest rates on their outstanding obligations together with improvements in the terms of new credits. A detailed analysis of these developments is to be found in the Economic Bulletin for Europe, vol. 38, No. 4, 1986.

7. The year 1986 saw continued progress in the ECE region's output and trade at rates which compared quite favourably with earlier years. At the same time policy makers actively sought to agree on new policy initiatives leading to an improved trading environment. The launching of a new "Uruguay Round" of Multilateral Trade Negotiations is an example. Another is the new initiatives aimed at establishing formal relations between the European Communities, on the one hand, and the CMEA and its member States, on the other.

(b) Industrial co-operation

8. The Final Act of the CSCE and the Madrid Concluding Document contain provisions calling for the establishment of more favourable conditions for overcoming obstacles to east-west industrial co-operation. Those provisions call, inter alia, for the intensification of economic, scientific and technological exchanges between east and west. A resurgence of east-west industrial co-operation has been noted during the past two years as measured by the number of new contracts reported to have been concluded, expanding into new sectors such as biotechnology and engineering services.

9. Tendencies in east-west industrial co-operation at the enterprise level were traced statistically in secretariat studies prepared for the thirty-fifth session of the Committee on the Development of Trade. The rising trend in the number of industrial co-operation contracts concluded between enterprises and organizations in planned-economy and market-economy countries is reflected in

the sample of contracts registered by the secretariat. These amounted to 895 contracts (1,140 if Yugoslavia's contracts are included) at end October 1985 and totalled 972 contracts (1,248 with Yugoslavia) at end July 1986 (TRADE/R.515). The distribution of these contracts by branch of industry shows that industrial co-operation remains concentrated in those industries in which technological progress is of particular importance. Thus, over 70% of the total number of contracts recorded relate to the chemicals industry (21% of the sample, excluding Yugoslavia); mechanical engineering (18.7% if machine tools are included); the electrical and electronic industries (15.4%); transport equipment (11.1%); and metallurgy (7.0%).

10. Analysis of the sample of contracts reveals a fairly wide range of forms of industrial co-operation within which co-production based on specialization of the partners is the most frequent (41.2% of the cases studied). Next come joint ventures (17.0%) and two well-established forms of co-operation, closely linked with the transfer of technology, namely the supply of plant or equipment (15.2%) and the granting of licences (12.1%) with repayment in both forms consisting in full or in part of resulting products. Joint tendering of joint projects (including tripartite co-operation agreements) account for 11.4% of the total. Sub-contracting is the least widely practised among the various forms of industrial co-operation.

11. The trend, already observed in 1985, for co-production and specialization agreements to evolve into joint ventures in some countries of the region is now accelerating and includes new branches of technology, such as energy saving equipment and techniques, pollution control equipment and automated manufacturing equipment.

12. The adoption in 1986 of joint venture legislation in Poland, guidelines in Czechoslovakia and revised taxation rules in Hungary affecting joint ventures was followed by the announcement by the USSR authorities of their intention to introduce similar legislation in the near future.

ECE activities in trade and industrial co-operation

13. The work of the Commission in the field of trade and industrial co-operation has continued to be directed towards measures designed to develop and promote intraregional trade and industrial co-operation. These activities are undertaken, for the most part, by the Committee on the Development of Trade but they are also carried out by other Principal Subsidiary Bodies of the Commission. The outstanding achievement of the Committee in 1986 was the agreement (described in paragraphs 23 and 24) reached by the Working Party on the Facilitation of International Trade Procedures on a universal syntax for the electronic transmission of trade messages, which is expected to yield very considerable economies to all enterprises and institutions engaging in international trade.

Activities of the Committee on the Development of Trade

(a) Trade promotion, trade problems and related issues

14. The secretariat has continued its series of monographs on the experience of individual ECE countries in the development of intraregional trade. At its thirty-fifth session, the Committee had before it a country profile of Greece (TRADE/R.511/Add.1). Others in the series - which now encompasses 21 countries - are under preparation.

15. In the field of development of market information, marketing techniques and improved business contacts the Committee considered material prepared by the secretariat on proposed themes for future seminars; on the marketing aspects of east-west industrial co-operation; on advertising mix, including the selection and application of promotional media; and on the role and function of public relations techniques in east-west trade promotion and marketing (TRADE/R.518 and Adda.). The Committee deferred decision on this subject to its next session.

16. The Committee devoted attention to trade problems specific to the member countries of the ECE which are developing from the economic point of view. The Committee has requested the secretariat to prepare a study on measures providing favourable commercial treatment to these member countries.

17. In 1985 the Committee invited member countries, ECE Principal Subsidiary Bodies and relevant international organizations to continue their examination of the notifications in the Inventory on obstacles of all kinds to the development of trade, which had been or would be addressed to them by the Committee. Responding to this request, a number of Governments provided additional information on obstacles to intraregional trade. During 1986 eight ECE bodies 1/ were informed of the Inventory notifications falling within their respective spheres of activity. At its thirty-fifth session the Committee had before it information on the results of this exercise as well as some suggestions by the secretariat concerning further action to be undertaken (TRADE/R.513).

18. A second revised version of the Inventory was before the Committee at its thirty-fifth session (TRADE/R.390/Rev.1/Add.1 to 27) . The status of this updated and consolidated version of the Inventory follows:

- The Inventory contained 374 notifications;

- Of these 374 notifications, 327 were covered by replies (273 entirely and 54 partly, i.e. by only some of the countries in respect of which difficulties have been notified);

- In the case of 47 notifications, no reply has as yet been received. It should be noted, however, that 13 of those notifications concern "unspecified" countries and 7 others represent new notifications to which the countries concerned have not yet had time to reply.

19. Compensation trade in the ECE region, and more specifically the possible preparation of a guide on the subject, was examined by the Committee on the basis of documents submitted to the twenty-seventh and twenty-eighth sessions of the Group of Experts on International Contract Practices in Industry (TRADE/GE.1/R.33 and Add.1, and R.34). Although differing views were expressed on this matter, the Committee agreed finally to recommend to the

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1/ Meeting of Government Officials Responsible for Standardization Policies; Inland Transport Committee; Working Party on Engineering Industries and Automation; Committee on Agricultural Problems; Conference of European Statisticians; Chemical Industry Committee; Timber Committee; and Steel Committee.

Group of Experts to prepare a "Guide on legal aspects of the new forms of industrial co-operation; joint ventures and joint development of production and co-ordinated marketing of products, on the understanding that the Guide will include an examination of compensation trade as one of its aspects".

20. With respect to economic, commercial and administrative information relevant to the development of trade, the Committee had an exchange of views on the outcome of the Special Meeting of Experts on Prospects for East-West Trade in the 1980s held from 24 to 27 March 1986 (TRADE/AC.22/2) and of the Symposium on East-West Business Opportunities and Trade Prospects held in Thessaloniki, Greece from 8 to 11 September 1986 (TRADE/SEM.8/2). Appreciation was expressed of the valuable contribution by the Government of Greece to the organization of the Symposium. A number of suggestions were made regarding improving the format and subjects of possible further meetings of a similar nature. In the interest of ensuring that future events continue to attract as full participation as possible by the business community, the Committee invited the secretariat:

- To consult with member Governments of the ECE and business communities and establish what interest now exists in such meetings;

- To examine the possible location of future events;

- To consider the timing and duration of such events;

- To consider the optimum numbers and levels of participants;

- To consider the possibility of using expert/professional assistance;

- To consider how decision-taking within the Committee on the subject matter of a mixed event might be improved.

(b) Industrial co-operation

21. The prospects for expanded east-west industrial co-operation at the enterprise level were examined in studies prepared for the Symposium on East-West Business Opportunities and Trade Prospects (TRADE/SEM.8/R.3/and Add.1, R.4 and R.6). At its thirty-fifth session the Committee also had before it information on emerging prospects for east-west industrial co-operation in light of the five-year plans (1986-1990) in eastern Europe (TRADE/R.516). It requested the secretariat to consult, through member Governments, with the business operators who are interested in new forms of industrial co-operation, including joint ventures, in order to identify what kind of economic and commercial information they think will be relevant for the promotion of these new forms of co-operation.

22. In view of the rapidly expanding interest in the joint venture form of east-west industrial co-operation throughout the ECE region, the secretariat has also been asked by the Committee to prepare a study on the economic, financial and practical aspects of east-west joint ventures, which will be partly based on contributions by member Governments. A purpose of this study will be to determine whether current legislation is sufficiently flexible to permit partners to negotiate agreements which incorporate safeguard clauses and other provisions permitting the degree of control desired by minority partners.

(c) Facilitation of international trade procedures

23. An account of progress made and results achieved during 1986 by the Working Party on Facilitation of International Trade Procedures was presented to the Committee (TRADE/R.519). Delegations expressed their high appreciation of the results achieved, in particular the agreement on a universal syntax for electronic transmission of trade data, which was considered a major step forward in the facilitation of international trade procedures.

24. The important development work which is still necessary to permit the practical implementation of the universal syntax was given high priority by the Committee.

25. With respect to legal problems linked to the replacement of paper documents by electronic data transmission, the Committee noted with appreciation the progress made in the preparation of uniform rules of conduct for interchange of trade data by teletransmission (UNCID).

(d) International contract practices in industry

26. The Group of Experts on International Contract Practices in Industry reached agreement on the Guide on drawing up international contracts for services relating to maintenance, repair and operation of industrial and other works, in its English version. The secretariat was requested to adjust, as required, the French and Russian versions to conform to the English text and arrange for publication of the Guide at an early stage.

27. The Group of Experts, having taken note of the recommendation of the Committee on the Development of Trade at its thirty-fifth session (December 1986), agreed that its next guide would deal with legal aspects of the forms of industrial co-operation; joint ventures and joint development of production and co-ordinated marketing of products, and that the guide would include an examination of compensation trade as one of its aspects. The secretariat was requested to prepare initial documentation on this topic for submission to the Group of Experts at its thirtieth session (July 1987).

Activities of the Commission's other Principal Subsidiary Bodies

28. Sixty-two trade-related projects are being carried out by other Principal Subsidiary Bodies. The majority of these projects relate to trade trends, policies and problems, market information, industrial co-operation, and international trade procedures and practices. Some of these projects are carried out in close co-operation with the Committee.

30. The overall economic perspectives to the year 1990 in preparation by the Senior Economic Advisers to ECE Governments is in an advanced stage of preparation with a target date for completion in 1988. The study describes, inter alia, the impact of the development of trade on economic growth. A short summary and extracts from this document covering main features and assumptions as well as the main results of initial projections in the field of international trade development were included in the background material for the Special Meeting of Experts on Prospects for East-West Trade in the 1980s, which was held in March 1986. This material was also used for the preparation of the Symposium on East-West Business Opportunities and Trade Prospects.

31. Close co-operation is maintained among the Principal Subsidiary Bodies on projects related to trade practices and procedures, e.g. in the fields of facilitation of trade, transport and standardization. The Inland Transport Committee continued to contribute to trade facilitation work through legal and technical instruments. Work covered arrangements for the elimination of technical barriers to international trade of motor vehicles and their equipment and parts, and the harmonization of regulations and standards relating to the international transport of perishable foodstuffs and facilitation of its operations.